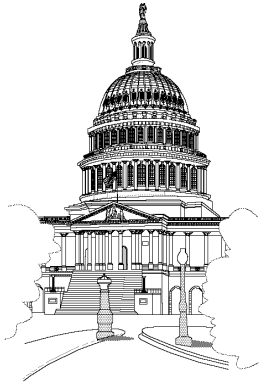
Appropriations Process



Navy Appropriations Matters Office (FMBE)

Debbie Ogledzinski - Congressional Support Branch Head
LCDR Steve Marty – Medical Affairs Action Officer

FMBE Charter

- On behalf of ASN(FM&C), the Appropriations Matters Office (FMBE) coordinates all matters related to the House and Senate Appropriations Subcommittees on Defense and Military Construc

- Required by legislative direction since 1983 to be separate from OLA:

  - "The Committee directs that the budget liaison structure be returned to a status independent from legislative liaison influence and control and given the authority and manpower to respond directly to the Committee's factual information requirements".

Appropriations Committee Leadership

Senate Committee on Appropriations (SAC)

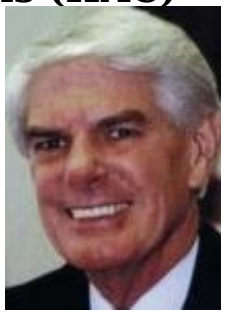
Subcommittee on Defense (SAC-D)

Daniel K. Inouye (D-HI) Chairman

Thad Cochran (R-MS) Ranking

House Committee on Appropriations (HAC)

David R. Obey (D-WI) Chairman *



Jerry Lewis (R-CA) Ranking

Subcommittee on Defense (HAC-D)

Norman D. Dicks (D-WA) Chairman

C.W. Bill Young (R-FL) Ranking

**Will not run for re-election in November*

SENATE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON DEFENSE
111TH CONGRESS

Ms. Feinstein (D-CA)

Mr. Durbin (D-IL)

Mr. Dorgan (D-ND)

Mr. Harkin (D-IA)

Mr. Leahy (D-VT)

Mr. Byrd (D-WV)

Mr. Inouye (D-HI) CHAIRMAN

Mr. Cochran (R-MS) RANKING

Mr. Bond (R-MO)

Mr. McConnell (R-KY)

Mr. Shelby (R-AL)

Ms. Mikulski (D-MD)

Mr. Gregg (R-NH)

Mr. Kohl (D-WI)

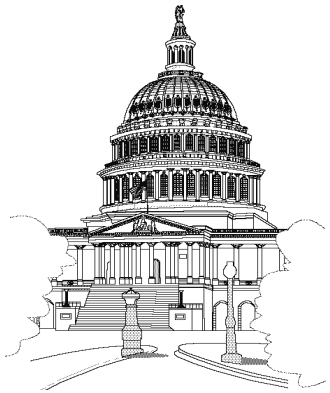
Ms. Hutchison (R-TX)

Ms. Murray (D-WA)

Mr. Bennett (R-UT)

Mr. Specter (D-PA)

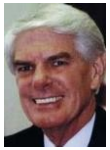
Mr. Brownback (R-KS)



HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON DEFENSE
111TH CONGRESS

Mr. Tiahrt

Mr. Frelinghuysen (R-NJ)



Mr. Lewis (R-CA)

Mr. Young (R-FL) RANKING

Mr. Dicks (D-WA) CHAIRMAN

Mr. Obey (D-WI)

Mr. Visclosky (D-IN)

Mr. Moran (D-VA)

Ms. Kaptur (D-OH)

Mr. Boyd (D-FL)

Mr. Rothman

Mr. Kingston

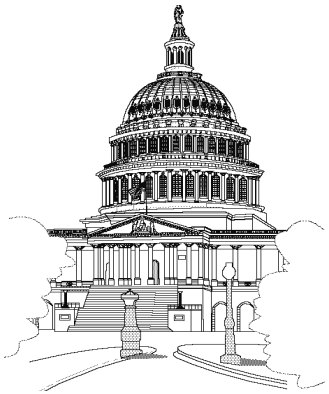
Mr. Bishop (D-GA)

Ms. Granger

Mr. Hinchey (D-NY)

Mr. Rogers (R-KY)

Ms. Kilpatrick



Mr. Ryan (D-OH)*

** New Member to HAC-D*

Appropriations (Continued)

Senate Committee on Appropriations (SAC)
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies (SAC MILCON)

Tim Johnson (D-SD) Chairman

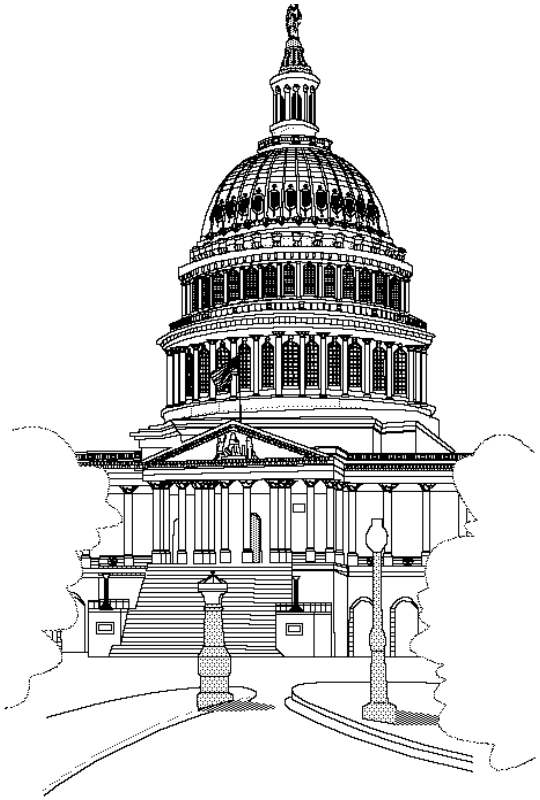
Kay Bailey Hutchison (R-TX) Ranking

House Committee on Appropriations (HAC)
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies (HAC MILCON)

Chet Edwards (D-TX) Chairman

Zach Wamp (R-TN) Ranking *

**Running for Governor of Tennessee*



“No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law”[1]

[1] U.S. Constitution, Article I, Section 9.

The Appropriations Process

Budget Resolution – Sets Spending Limits

- Sets spending ceilings for the upcoming fiscal year.
- Distributes federal spending among 20 functional categories, such as national defense, agriculture, and transportation, and sets similar levels for each function.
- Includes revenue floors
- No Budget/Outlay Authority with Budget Resolution

Authorization Act – Authorizes Appropriations

- Establishes, continues, or modifies agencies or programs.
- Authorizes appropriations for specific agencies and programs, frequently setting spending ceilings for them.
- No Budget/Outlay Authority with Authorization Act

Appropriations Act

- Provides new **budget authority** for the program, activity, or agency previously authorized.
- Congress is not required to provide appropriations for an authorized program.

OLA

FMB

Types of Appropriations Measures

Regular Appropriations Bills

• Provides most of the funding that is provided in all appropriations measures for a fiscal year, and must be enacted by October 1 of each year.

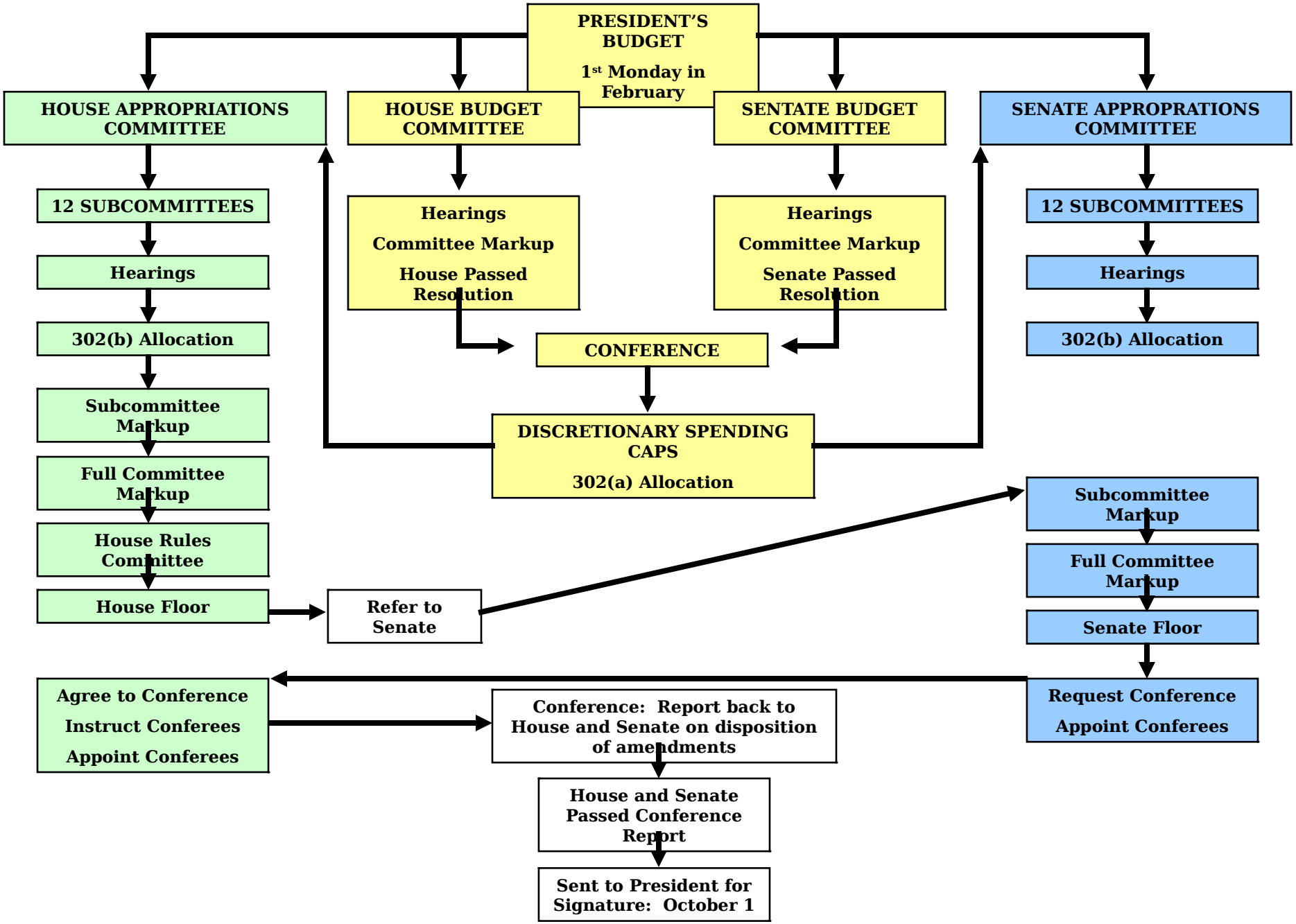
Continuing Resolutions

• If regular bills are not enacted by the deadline, Congress adopts continuing resolutions (CR) to continue funding generally until regular bills are enacted.

Supplemental Bills

• Considered later and provide additional appropriations.

Appropriations Process



FMBE Ro

Support President's Budget request with Appropriations Committees

- Assist in formulation of **Congressional Budg**
Engagement Strategy
- Support Budget **Hearings and Congressional Testi**
- Aid in preparation of **Program Budget Briefs**
- Respond to Defense and Military Construction Subcommittee **requests for program information**
- **Coordinate Navy appeals** for Authorization and Appropriation committee adjustments to President's Budget request
- Coordinate and execute **travel** for subcommittee members, professional staff members, and associate staff members

We DO NOT:

- **Lobby**

Budget Formulation & Execution Process

PPBE Flow

FMBE Focus

FY/FY/FY/FY/FY/FY

FY (FY)

PLANNING

NAT'I POLICY

STRATEGIC VISION

(CSPG)/LRPO

CINCs
AGENCIES
SERVICES

WORLD SITUATION

* IWAR ANALYSES

CPAM ISSUES

CPAM ANALYSES

SUMMARY CPAM

JSR/JPD

NMSD

OSD PLANNING

DPG/FG

PROGRAMMING

Programming Guidance

SPP
T-POM
POM

OSD REVIEW

DECISION (PDM)

BUDGETING

NAVY BUDGET PREPARATION & REVIEW

OSD/OMB BUDGET SUBMIT

OSD/OMB REVIEW

DECISIONS (PBD)

PRES. BUDGET

CONGRESS

APPROPRIATION

EXECUTE

* IWAR DEVELOPMENT

National Execution/Budget/Program Events

Program/Budget Review

Legend
- Secretariat
- Marine Corps
- Navy
- DON/OSD/OMB Review

- SN Programmatic Guidance
- MPVT
- PEB to MROC
- RFPVT
- IPVT
- PWG Integration
- Sponsor Program Proposals
- Fiscal Guidance
- SRB Deputies Brief
- SRB ASNs/GC Brief
- SRB SECNAV Brief
- POM Brief to SN
- POM Brief to SN
- N80 Snapshot
- Budget Exhibits Due
- N81 Integrated Assessment
- Issue Controls
- SN Programmatic Brief
- SN Programmatic Adjustment
- Leadership Updates
- PBCGs
- Service POM Briefs to DAWG
- Submit to OSD / Issue Controls
- Program Review
- Budget Review
- Final Decisions
- Budget Lock
- OSD Budget Justification Books Submit

Congressional Review

- Presidents Budget Submission
- SASC Posture Hearing
- HASC Posture Hearing
- SAC-D Posture Hearing
- HAC-D Posture Hearing
- MILCON Hearing
- Supplemental / GWOT as necessary
- SASC Markup
- HASC Markup
- HAC Markup
- SAC Markup
- Appeals Process
- Authorization Conference
- Appeals Process
- Authorization Bills
- Appropriation Conferences
- Appropriation Bills

Current Year Execution

- Individual Reprogrammings
- Ops/Pers Midyear Review
- 2nd Qtr Financial Statements (inc SMC/AV Rev)
- Investment/Development Midyear Review
- OSD Midyear Review
- NWCF 2nd Qtr Review
- Omnibus Reprogramming to USD(C)
- Apportionment Review
- 3rd Qtr Financial Statements
- Echelon 1 Management Control Certification Statements
- NWCF 3rd Qtr Review
- DON Statement of Assurance
- Issue New FY Allocations
- Omnibus Reprogramming Implementation

Next Year Execution

- Statements (Disclaimer)

Fe | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov

Note – For PR year Change Proposals replace full submission

Notional Defense Appropriations Legislative Calendar

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

BEGINNING OF FISCAL YEAR

CONGRESS CONVENES

PRESIDENT SUBMITS BUDGET

SECDEF, CJCS, & CINC TESTIMONY

BUDGET PROCESS

HBC — F — F — CONF — RES

SBC — F — F — CONF — RES

AUTHORIZATION BILL

HASC — SUBCOM — HASC — F — F — CONF — BILL — PRESIDENT

SASC — SUBCOM — SASC — F — F — CONF — BILL — PRESIDENT

APPROPRIATIONS BILL

HOUSE SUBCOM — HAC — F — F — CONF — BILL — PRESIDENT

SENATE SUBCOM — SAC — F — F — CONF — BILL — PRESIDENT

OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER

F Floor Vote

CONF CONFERENCE

PB Rollout Timeline

- The President is required to submit his annual budget on or before the 1st Monday in February.
- OSD and Service budget roll-out briefings to media.
- Budget Justification Material (J-Books) to the Defense Committees.
- FMB budget roll-out briefings to Defense Committee Professional Staff Members (PSMs) and Military Legislative Assistants (MLAs): HASC, SASC, HAC-D, SAC-D, and CBO.
- SECNAV, CNO, and CMC Posture Hearings: HASC, SASC, HAC-D, and SAC-D.
- Program Briefings to Defense Committee PSMs and MLAs along with providing answers to Requests for Information (RFIs)

FY 2011 Budget Breakdown (in billions)

MilPers: $45.1B

Basic Pays	$18.1
Housing Allowance	$7.0
Retired Pay Accrual	$5.9
Health Accrual	$3.3
Reserve Personnel	$2.6
Special Pays	$2.1
Subsistence	$2.1
Allowances	$0.9
Other	$3.1

Navy Strength 324,300
Marine Corps 202,100

Procurement: $46.6B

Aircraft	$18.5
Ships	$16.1
Weapons Procurement	$3.4
Marine Corps Procurement	$1.3
Other Navy Procurement	$6.5

Balanced Investment

O&M: $46.2B

Ship Ops	$11.0
Base Support	$7.2
Aviation Ops	$6.3
Marine Corps O&M	$5.6
Combat/Weapons Support	$5.5
Service Wide Support	$4.6
Training and Education	$3.3
Reserve O&M	$1.7
Environmental Restoration	$0.3

Prevail in Current Conflicts

Infrastructure: $5.0B

MILCON

Sustaining the Institution

BRAC

R&D: $17.7B

Basic Research

$0.6

Applied Research

$0.7

Transitioning to Procurement

$0.7

Adv Component Dev

*Numbers may not add due to rounding

Hearing Process

- Witness provides written statement to the Committee before the hearing as part of the official record.
- Hearing preparation sessions for the witnesses:
  - Acquisition Issues
  - I&E and M&RA Issues
- Member Interest Grid and Probable Questions
- SECNAV/CNO/CMC Office Calls with Chairman and Ranking of Committee prior to hearing.
- QFRs/IFRs/Transcript resulting from the Hearing

Committee Markup

H.R. XXXX

A Bill

Provides lump-sum appropriation for each account

REPORT

OF THE

COMMITTEE ON APPROPRIATIONS

Provides more detailed directions to the Department on the distribution of funding among various activities funded within an account

Conference Outcome

Account	Pres Budget	HAC	Change	SAC	Change	Conf	Change	Summary
Procurement of Ammunition, Navy/MC	**841**	**795**	**-46**	**814**	**-27**	**801**	**-40**	
General Purpose Bombs	**75**	**73**	**-2**	**75**	**0**	**73**	**-2**	Direct attack cost growth
Machine Gun Ammo	**20**	**12**	**-8**	**12**	**-8**	**12**	**-8**	Cost Growth
Practice Bombs	**34**	**29**	**-5**	**25**	**-10**	**28**	**-6**	-$9.3M Enhanced Laser Guided Training Round Cost Growth; $3.6M Enhanced Laser Guided Training Round
Cartridges and Devices	**51**	**48**	**-3**	**51**	**0**	**48**	**-3**	Support funding carryover
Air Expendable Counter Measures	**79**	**64**	**-15**	**69**	**-10**	**64**	**-15**	-$5M Support funding carryover, -$9.8M MJU-55 production termination
5"/54 Gun Ammo	**27**	**23**	**-4**	**27**	**0**	**23**	**-4**	Multi-option fuze growth
Small Arms and Landing Party Ammo	**43**	**34**	**-9**	**43**	**0**	**41**	**-2**	-$1.3M Tracer cartridge cost growth, -$1.7M APIT

EXAMPLE

Conference Appeals

Priority Department of Defense Budgetary Appeal
FY 2010 Defense Appropriations Bill

Subject: Standard Missile - 6 (SM-6)
Appeal Citation: H.R. 3326; H.Rpt. 111-230 p. 157 (8)
Appropriations: Weapons Procurement, Navy
Summary: The House reduced the request by $117.63 million based on concern that the SM-6 contract award will likely slip into FY2010.

Budget Authority
(Dollars in Millions)

Item	Budget	House	Senate	Appeal
SM-6	249.2	131.6	-	249.2

DoD Position/Impact: The Department opposes the House reduction because it eliminates production of SM-6 in FY 2010 thereby impacting procurement costs, causing a production delay/break during the Low Rate Initial Production (LRIP) phase and further delaying the Navy's ability to meet Fleet requirements for an extended range air defense weapon by eighteen months to two years.

Milestone C authority was granted on 29 July by the Defense Acquisition Board (DAB). A not-to-exceed (NTE) letter contract update was agreed upon by Raytheon Missile Systems (RMS), with a planned contract award in mid-August 2009. Obligation of funding for the FY 2010 contract option is planned for March 2010.

The acquisition strategy prescribes negotiating LRIP Lot 1 in FY 2009 with priced options for LRIP Lots 2 and 3 to be funded in FY 2010 and FY2011, respectively, ensuring SM-6 is on track to begin delivery of production rounds in 2QFY 2011.

EXAMPLE

Without FY 2010 funding, completion of LRIP will be delayed 10-13 months, delaying a Full Rate Production decision by at least a year, resulting in a breach of the Acquisition Program Baseline (APB) for schedule. Program strategy for SM-6 included using LRIP rounds to support developmental/operational testing and simultaneous fleet load-out to pace the evolving threat. If the 26 missiles are not procured in FY 2010, SM-6 introduction in the fleet will be delayed from 2013 until approximately 2014-2015.

Since SM-6, SM-2 and AMRAAM share assembly lines, a gap in production will cause requalification of the production line and unplanned support labor costs. In addition to increasing program costs, this will result in further program delays as the Cost Certification review being conducted in support of the Weapons Reform Acquisition Act of 2009 will be delayed to take these cost impacts into account. This could result in a Nunn-McCurdy cost breach of the Acquisition Program Baseline.

The Department urges support of the President's budget request and restoration of full funding to the SM-6 System Development and Demonstration program to preserve the Navy's ability to meet Fleet requirements against a growing threat. The SM-6 Program has been on schedule and within cost estimates since its inception.

Appropriations Status

- Supplemental
- FY11 Defense Appropriations Bill
- FY11 Military Construction Bill
- FY11 OCO Request

Hill Perspective

Member Interests

Professional Staff Member balances competing interests & requirements against constrained top line.

Industry Concerns via Lobbyists

Constrained Top Line resulting from **Budget Resolution** and **Authorization Act**

President's Budget Request

FMBE

Tools available to the staffer

- Industry Interaction
- Member Interaction
- Personal Staff Interaction
- Budget Books and Briefs
- Hearings
- RFIs
- Travel

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Questions?